

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 29, 2005

TO: Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2526 by Flores (Relating to the promotional activities of certain alcoholic beverage license or permit holders.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2526, As Introduced: a negative impact of (\$28,300) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$28,300)
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2006	(\$28,300)
2007	\$0
2008	\$0
2009	\$0
2010	\$0

Fiscal Analysis

The bill would amend the Alcoholic Beverage Code as it relates to the promotional activities of certain alcoholic beverage license or permit holders.

Section 1 of the bill would allow the holder of a promotional permit to 1) engage in activities to promote and enhance the sale of an alcoholic beverage in this state, and 2) assist a permit or license holder in the sale or service of alcoholic beverages on their premises. It would also establish a promotional permit with an annual fee of \$300 and require employees of the permit holder who conduct promotional activities to attend a commission-approved seller training program.

Section 2 of the bill would allow holders of a nonresident seller's permit to provide samples of liquor to the holder of a permit that authorized the retail sale of that liquor type.

Section 3 of the bill would allow a permittee to offer a rebate or refund on a product sold or offered for sale if the rebate or refund is accomplished by mail or internet.

Section 4 of the bill would allow manufacturers and wholesalers to advertise a promotional or sponsorship event to consumers and include in the advertisement the name and address of the retailer at which the event is held.

Section 5 of the bill would allow manufacturers or nonresident manufacturers to offer prizes to consumers as part of a promotional sweepstakes.

Section 6 of the bill would repeal Sections 36.06 and 37.13 of the Alcoholic Beverage Code which prohibit the holder of a manufacturer's agent permit or holder of a nonresident seller's permit from soliciting business from the holder of a mixed beverage or private club registration permit unless accompanied by the holder of a wholesaler's permit or the wholesaler's agent.

The bill would take effect September 1, 2005.

Methodology

Section 1 of the bill would establish an annual fee of \$300 for a promotional permit. The Alcoholic Beverage Commission reports that implementing the promotional permit would result in a small increase in permit fee revenue, but this would be offset by a reduction in the issuance of agent's permits. Thus, the net fiscal impact to the General Revenue Fund would not be significant.

The Alcoholic Beverage Commission also estimates that \$28,300 would be needed in initial start-up costs. The start-up costs include programming changes to the Alcoholic Beverage Commission's current system (\$5,000 in fiscal year 2006) and updates to publications and forms (\$23,300 in fiscal year 2006).

Technology

Technology costs include \$5,000 in fiscal year 2006 for programming changes to current Alcoholic Beverage Commission systems.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 458 Alcoholic Beverage Commission

LBB Staff: JOB, JRO, VDS, SJ